



NATIONAL LABOR RELATIONS BOARD

OFFICE OF THE GENERAL COUNSEL

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GAO WITHHOLDS \$7.2 MILLION OWED TO ALASKA PULP CORPORATION TO OFFSET COMPANY'S \$9 MILLION DEBT OWED TO THE NLRB

National Labor Relations Board General Counsel Fred Feinstein today announced that the General Accounting Office, in an order dated March 6, 1995, has decided to withhold \$7,203,656.47 awarded to Alaska Pulp Corporation (APC) in order to recoup part of the company's approximately \$9 million debt it owes to the NLRB arising from a Ninth Circuit Court of Appeals order. Alaska Pulp Corporation, which formerly operated under the name Alaska Lumber & Pulp Company, was awarded more than \$7.2 million in a lawsuit it won against the United States Forest Service.

APC's debt to the Board, which as of December 31, 1994, was valued at approximately \$9,037,022, arose from a October 10, 1989 Board decision, *Alaska Pulp Corp.*, 296 NLRB 1260, in which the Board held that APC had violated the National Labor Relations Act by, among other things, failing and refusing, at the end of an economic strike in 1987, to offer qualified unreinstated strikers their appropriate pre-strike positions. Specifically, the Board found that APC had offered those strikers who sought reinstatement only entry-level positions, regardless of their previous seniority. The Board held that this arrangement unlawfully created a subordinate class of employees -- strikers who opted to remain on strike for its duration -- and thus punished the strikers by ensuring that they would be relegated upon return to jobs that paid lower wages, were more onerous, and were more susceptible to layoff.

To remedy APC's unlawful actions, the Board ordered APC to pay backpay to strikers who did not receive valid reinstatement offers. On September 18, 1991, the Ninth Circuit Court of Appeals entered its judgment enforcing the Board's order in full.

During the Board's proceedings to liquidate the amount of backpay APC owed to the Board, APC closed its principal facilities in Alaska, which included a pulp mill in Sitka, Alaska and a saw mill in Wrangell, Alaska. The United States Forest Service considered APC's closure of the pulp mill to be a breach of APC's 50 year timber sales contract and thus the Forest Service terminated this contract. Over the last several years APC has been in the process of liquidating its other assets including several wholly owned subsidiaries. Thus, in order to ensure that its judgment would be satisfied, the Board requested GAO to setoff money stemming from litigation APC won against the Forest Service in a 1993 decision.

Commenting on these events, NLRB General Counsel Feinstein stated:

"We are gratified that the GAO has agreed to withhold these funds in order to satisfy our backpay claim. As it has done in the past, the Board will aggressively pursue backpay for victims of unfair labor practices. Contempt Branch Attorney Steven Gordon, as well as Region 19 Attorneys Jim Sand and Patrick Dunham, have my appreciation, and that of the public, for their work on this case."

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